

AMENDED IN SENATE AUGUST 1, 2016

AMENDED IN SENATE MAY 16, 2016

AMENDED IN ASSEMBLY MARCH 3, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1784**

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**Introduced by Assembly Member Dababneh**

(Principal coauthor: Senator Hertzberg)

**(Coauthors: Assembly Members Travis Allen, Brown, Hadley, and Kim)**

February 4, 2016

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An act to ~~amend Section 1070 of~~ *add Section 1083 to* the Financial Code, relating to financial institutions.

LEGISLATIVE COUNSEL'S DIGEST

AB 1784, as amended, Dababneh. State banks.

Existing law defines and regulates state banks and commits the enforcement of banking laws with the Commissioner of Business Oversight. The Banking Law prescribes definitions relating to bank offices and defines a branch office as an office at which core banking business is conducted other than an automated teller machine, a device used to facilitate check guarantee or check authorization, or a remote service facility, as defined.

This bill would ~~provide, in the definitions that apply to regulating bank offices, for the authorization of~~ *authorize* a bank to participate in a financial education program that involves receiving deposits or paying withdrawals on the premises of a school or school facility. The bill would provide that the school premises or facility will not be considered a branch office of the bank if certain conditions are met. *The bill would*

*specify that banks participating in these programs are still liable for deposits, as specified.*

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     ~~SECTION 1. Section 1070 of the Financial Code is amended~~  
2     ~~to read:~~  
3     ~~1070. For purposes of this chapter, the following definitions~~  
4     ~~apply:~~  
5     ~~(a) “Automated teller machine” means any electronic~~  
6     ~~information processing device used by a financial institution and~~  
7     ~~its customers for the primary purpose of executing transactions~~  
8     ~~solely between the financial institution and its customers, if the~~  
9     ~~transactions are not incidental to sales between the customer and~~  
10    ~~a business entity other than a financial institution.~~  
11    ~~(b) “Branch office” means any office at which core banking~~  
12    ~~business is conducted other than an automated teller machine, a~~  
13    ~~device used to facilitate check guarantee or check authorization,~~  
14    ~~or a remote service facility as defined in subsection (d) of Section~~  
15    ~~345.12 of Title 12 of the Code of Federal Regulations.~~  
16    ~~(c) “Core banking business” means the business of receiving~~  
17    ~~deposits, paying checks, making loans, and other activities that~~  
18    ~~the commissioner may specify by order or regulation. “Core~~  
19    ~~banking business,” when used to describe the trust business,~~  
20    ~~includes receiving fiduciary assets and administering fiduciary~~  
21    ~~accounts.~~  
22    ~~(d) “Facility” means an office at which a bank engages in~~  
23    ~~noncore banking business but at which it does not engage in core~~  
24    ~~banking business.~~  
25    ~~(e) “Head office” means the office designated by the bank as~~  
26    ~~its headquarters.~~  
27    ~~(f) “Noncore banking business” means all activities permissible~~  
28    ~~for banks, except core banking business, and except those activities~~  
29    ~~prohibited by law or determined by the commissioner by regulation~~  
30    ~~or order not to be noncore banking business.~~  
31    ~~(g) “Office” means the head office, any branch office, and any~~  
32    ~~facility office of a bank.~~

1 (h) “Redesignate offices” means (1) the relocation by a bank of  
2 its head office to the site of a branch or facility office in this state  
3 and the concurrent establishment by the bank of an office at the  
4 former site of the head office, or (2) the relocation by a bank of a  
5 branch office to the site of a facility office and the concurrent  
6 establishment by the bank of a branch or facility office at the  
7 former site of the branch office.

8 (i) A bank may participate in a financial education program that  
9 involves receiving deposits or paying withdrawals on the premises  
10 of, or at a facility used by, a school. The school premises or facility  
11 will not be considered a branch office of the bank if:

12 (1) The bank does not establish and operate the school premises  
13 or facility in which the program is conducted.

14 (2) Bank employees work at the site only to participate in the  
15 program.

16 (3) The program is provided at the discretion of the school.

17 (4) The principal purpose of the program is financial education.  
18 For example, a program is educational if it is designed to teach  
19 students the principles of personal financial management, banking  
20 operations, or the benefits of saving for the future, and is not  
21 designed for the purpose of profitmaking.

22 (5) No services are provided to the general public.

23 (6) The program is conducted in a manner that is consistent with  
24 safe and sound banking practices and complies with applicable  
25 law.

26 *SECTION 1. Section 1083 is added to the Financial Code, to*  
27 *read:*

28 *1083. (a) A bank may participate in a financial education*  
29 *program that involves receiving deposits or paying withdrawals*  
30 *on the premises of, or at a facility used by, a school. The school*  
31 *premises or facility will not be considered a branch office of the*  
32 *bank, as that term is defined in Section 1070 of the Financial Code,*  
33 *if all of the following conditions are met:*

34 *(1) The bank does not establish and operate the school premises*  
35 *or facility in which the program is conducted.*

36 *(2) Bank employees work at the site only to participate in the*  
37 *program.*

38 *(3) The program is provided at the discretion of the school.*

39 *(4) The principal purpose of the program is financial education.*  
40 *For example, a program is educational if it is designed to teach*

1 *students the principles of personal financial management, banking*  
2 *operations, or the benefits of saving for the future, and is not*  
3 *designed for the purpose of profitmaking.*

4 *(5) No services are provided to the general public.*

5 *(6) The program is conducted in a manner that is consistent*  
6 *with safe and sound banking practices and complies with*  
7 *applicable law.*

8 *(b) A bank that participates in a financial education program*  
9 *pursuant to this section shall be liable for all deposits made on*  
10 *the premises of, or at a facility used by, a school as if the deposit*  
11 *was made directly at a branch office of the bank.*